



Magnesium Corporation of America

238 North 2200 West, Salt Lake City, Utah 84116  
(801) 532-2043, Telex 6711664, Fax (801) 534-1407

DOGM  
MINING PROGRAM  
FILE COPY

M/045/022  
**RECEIVED**  
JUL 09 1990

DIVISION OF  
OIL, GAS & MINING

July 9, 1990

D. Wayne Hedberg  
Permit Supervisor  
State of Utah Natural Resources  
Oil, Gas & Mining  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203

Dear Mr. Hedberg,

Enclosed are completed Form MR-TRL Form & Form MR-RC for M/045/022 which are submitted at your request in order to cancel bond #524-12-30 posted on behalf of AMAX Magnesium Corporation. This bond is being replaced with another bond of \$110,000 from Gulf Insurance, 4600 Fuller Drive, Irving, Texas 75038 on behalf of Magnesium Corporation of America.

The completed page 7 of the Reclamation Contract and the Mined Land Reclamation Act Bond MR Form #5 will be forwarded to you later this week when Gulf Insurance completes them.

Your cooperation and assistance in processing this bond replacement request is appreciated.

Sincerely,

Lee R. Brown  
Vice President  
Magnesium Corporation of America

Enclosures

000196

FORM MR-RC  
Revised May 30, 1990  
RECLAMATION CONTRACT

DO NOT  
MINERALS PROGRAM  
FILE COPY

File Number M/045/022

Effective Date 7/26/90

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

RECEIVED  
JUL 09 1990

DIVISION OF  
OIL, GAS & MINING

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/045/022  
(Mineral Mined) Lake Salts

"MINE LOCATION":  
(Name of Mine) Knolls Solar Evaporation Ponds  
(Description) Knolls, Tooele County, Utah

"DISTURBED AREA":  
(Disturbed Acres) 176 acres  
(Legal Description) See Appendix A

"OPERATOR":  
(Company or Name) Magnesium Corporation of America  
(Address) 238 North 2200 West  
Salt Lake City, Utah 84116  
(Phone) 801-532-2043

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

Lee R. Brown, Vice President

238 North 2200 West

Salt Lake City, Utah 84116

(Phone)

801-532-2043

"OPERATOR'S OFFICER(S)":

Donald H. Wilkinson

Thomas J. Frazer

"SURETY":

(Form of Surety - Exhibit B)

Surety Bond - Exhibit B

"SURETY COMPANY":

(Name, Policy or Acct. No.)

GULF INSURANCE CO

"SURETY AMOUNT":

(Escalated Dollars)

\$110,000

"ESCALATION YEAR":

1995 at 1.84%/year

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

EXHIBITS:

Revision Dates:

A "DISTURBED AREA":

7/26/90

B "SURETY":

7/26/90

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Operator and the Board.

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/045/022 which has been approved by the Division under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim the Disturbed Area in accordance with Operator's approved Reclamation Plan and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

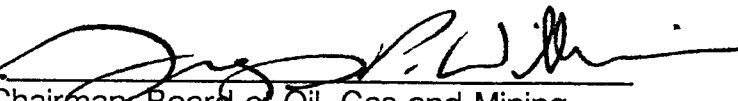
NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Notice of Intention, and the Reclamation Plan.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board, which surety is in the form of the surety attached hereto as Exhibit B and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Board in writing. If the surety contract expressly provides for cancellation, then, not less than 30 days, prior to the expiration date of the surety, the Operator shall provide a replacement surety in a form and amount acceptable to the Board. If the Operator fails to so provide an acceptable replacement surety, the Division may order the Operator to cease further mining activities and to begin reclamation of the site. In addition, if the Operator fails to so provide an acceptable replacement surety, the Division may call or draw upon the full amount of existing surety prior to cancellation or expiration.
3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, and the Reclamation Plan.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention and the Reclamation Plan.
6. Operator agrees to indemnify and hold harmless the State, Board and Division from any claim, demand, liability, cost charge, suit, or obligation of whatsoever nature arising from the failure to Operator or Operator's agents, and employees, or contractor to comply with this Contract.
7. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.

8. This Contract shall be governed and construed in accordance with the laws of the State.
9. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including attorneys fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
10. Any breach of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Division, or Board, as appropriate, may revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

SO AGREED this 30<sup>th</sup> day of July 19 90.

APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY   
Chairman, Board of Oil, Gas and Mining

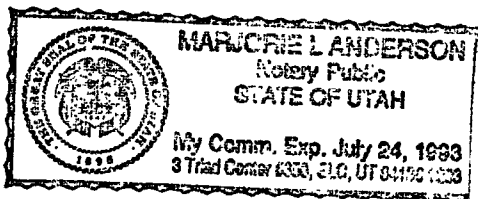
DIVISION OF OIL, GAS AND MINING:

By Dianna R. Nielson  
Director

Date 7/26/90

STATE OF Utah )  
COUNTY OF Salt Lake ) ss:

On the 26<sup>th</sup> day of July, 19 90, personally appeared before me, who being duly sworn did say that he/she, the said Dianna R. Nielson is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she duly acknowledge to me that he/she executed the foregoing document by authority of law on behalf of the State of Utah.



Marjorie L. Anderson  
Notary Public  
Residing at: SLC, Utah

July 24, 1993  
My Commission Expires:

OPERATOR:

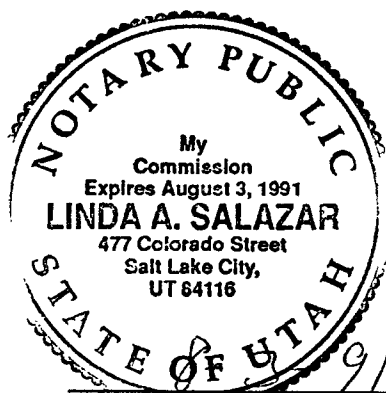
Operator Name: Magnesium Corporation of America

By D. H. Wilkinson / President  
Corporate Officer - Position

Date July 9, 1990

STATE OF Utah )  
 ) ss:  
COUNTY OF Salt Lake )

On the 9th day of July, 19 90, personally  
appeared before me Donald H. Wilkinson who being  
by me duly sworn did say that he/she, the said Donald H. Wilkinson  
is the President of Magnesium Corporation of America  
and duly acknowledged that said instrument was signed on behalf of said company by  
authority of its bylaws or a resolution of its board of directors and said  
Donald H. Wilkinson duly acknowledged to me that said  
company executed the same.



My Commission Expires: \_\_\_\_\_

Linda A. Salazar  
Notary Public  
Residing at: Salt Lake City

SURETY:

GULF INSURANCE COMPANY  
Surety Company

**RECEIVED**  
JUL 25 1990

DIVISION OF  
OIL, GAS & MINING

By Tobin B. Jacobson  
Company Officer - Position  
Tobin B. Jacobson, Attorney-in-fact

July 26, 1990  
Date

STATE OF NEW YORK  
COUNTY OF NASSAU ss:

On the 26th day of July, 19 90, personally  
appeared before me Tobin B. Jacobson who being  
by me duly sworn did say that he/she, the said Tobin B. Jacobson  
is the attorney-in-fact of Gulf Insurance Company  
and duly acknowledged that said instrument was signed on behalf of said company by  
authority of its bylaws or a resolution of its board of directors and said  
Tobin B. Jacobson duly acknowledged to me that said  
company executed the same.

FRANCESCA PAPA  
Notary Public, State of New York  
No. 4842535 Suffolk County  
Cert. Filed in Suffolk County  
Commission Expires Jan. 6, 1992

Francesca Papa  
Notary Public  
Residing at: Plainview, New York

My Commission Expires:

NOTE: An affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Contract.



## APPENDIX A

Legal description of 176 acres of disturbed areas as per revised reclamation and bond estimate for Knolls Solar Evaporation System under Notice of Intention: M/045/022.

- A. Reclaim Clay Borrow Areas - All borrow areas outlined in original reclamation plan have been reclaimed to the satisfaction of UDOGM, BLM and Tooele County. No further reclamation is required as of 6/22/90.
- B. Haul Road Reclamation - No reclamation of haul roads contained in the original reclamation plan do to their continued use by other companies and community pit status.
- C. Grade Canal Area i.e.:
  - 1. Grade main inlet canal sides to safe slope to ensure safety of public. Disturbed area is 80 ft by 28,500 ft = 52 acres contained within T1NR13W Sec 6, 7, and T2NR13W Sec. 6, 7, 15, 19, 30, 31.
  - 2. No. 2 Pump Feed Canal - Grade canal bank areas to safe slope to protect public. Disturbed area is 60 ft by 8600 ft = 12 acres contained within T1NR13W Sec. 11 and 14.
  - 3. No 7 Inlet Canal - Grade canal bank areas to safe slope to protect public. Disturbed area is @ 150 ft by 7500 ft = 26 acres contained within T1NR13W Sec. 13 and 14.
  - 4. Interior dikes pond 7 - lower pond 7 interior dikes to safe level and slope to protect public. Disturbed area is 100,000 linear feet of dike @ 46 acres contained within T1NR13W Sec. 1, 11, 12, 13, 14 and T1NR12W Sec. 5, 6, and 7.
  - 5. Grade down maintenance building pad area and reservoir dikes to original reclamation plan specifications. Disturbed area is @ 40 acres contained within T1NR13W Sec. 14 and 15.

